

Dubois Telephone Exchange, Inc.

2015 Progress Report

5 Year Service Quality Improvement Plan

Background

Dubois Telephone Exchange, Inc. (DTE) is an Eligible Telecommunications Carrier (ETC) serving northwestern Fremont, southwestern Carbon and southeastern Sweetwater counties in Wyoming; and the northernmost areas of Moffat and Routt counties in Colorado. DTE's company headquarters are located at 12 S. 1st Street, Dubois, Wyoming 82513.

DTE has 2 wire centers, DUBSWY and BGGSWY serving 4 exchanges, totaling just over 4,000 square miles (*population density ~ .68 persons/square mile*) in 2 mountainous and isolated geographic areas of Wyoming. DTE serves a total of 2,101 access lines in four exchanges as of this progress report, or 0.53 access lines per sq mile. Broadband customers totaled 1,324 as of this progress report.

Wire Center DUBSWY (Exchanges 455 and 486) serves the upper Wind River Valley of northwestern Wyoming, including the communities of Dubois and Crowheart. Exchange 486 is within the western most part of the Wind River Indian Reservation.

Wire Center BGGSWY (Exchanges 383 and 583) serves the upper Little Snake River Valley of southern Wyoming and northern Colorado, including the communities of Baggs, Dixon and Savery, WY and Slater, CO. Exchange 583 exclusively serves Colorado subscribers. All 4 exchanges are rural and remote, with no nearby large communities.

Elevations range from 6,000 ft to 13,000 ft above sea level. The climate is variable to extreme. Snow fall can exceed 10 ft in depth at elevations greater than 8,500 ft; snow is likely during any month of the year. Temperatures can range from the 80s and 90s in July and August to the minus 30s and 40s in December and January. The average construction season is mid-May to late October.

Area Economy and Demographics

Dubois Exchange 455

Tourism, recreation, full or part time second home-summer home residents, government and small-scale agriculture drive the Dubois area economy. The total estimated population is 1,803 and the largest community is Dubois, with a population of 971

Dubois Exchange 486

This exchange is located entirely on the Wind River Indian Reservation (WRIR); and is a mixture of Tribal Trust, allotted and deeded lands. The primary economy is small and mid-scale agriculture. Crowheart serves as the exchange's community center, with a small gas station, store and trading post. The estimated Crowheart CDP population is 141.

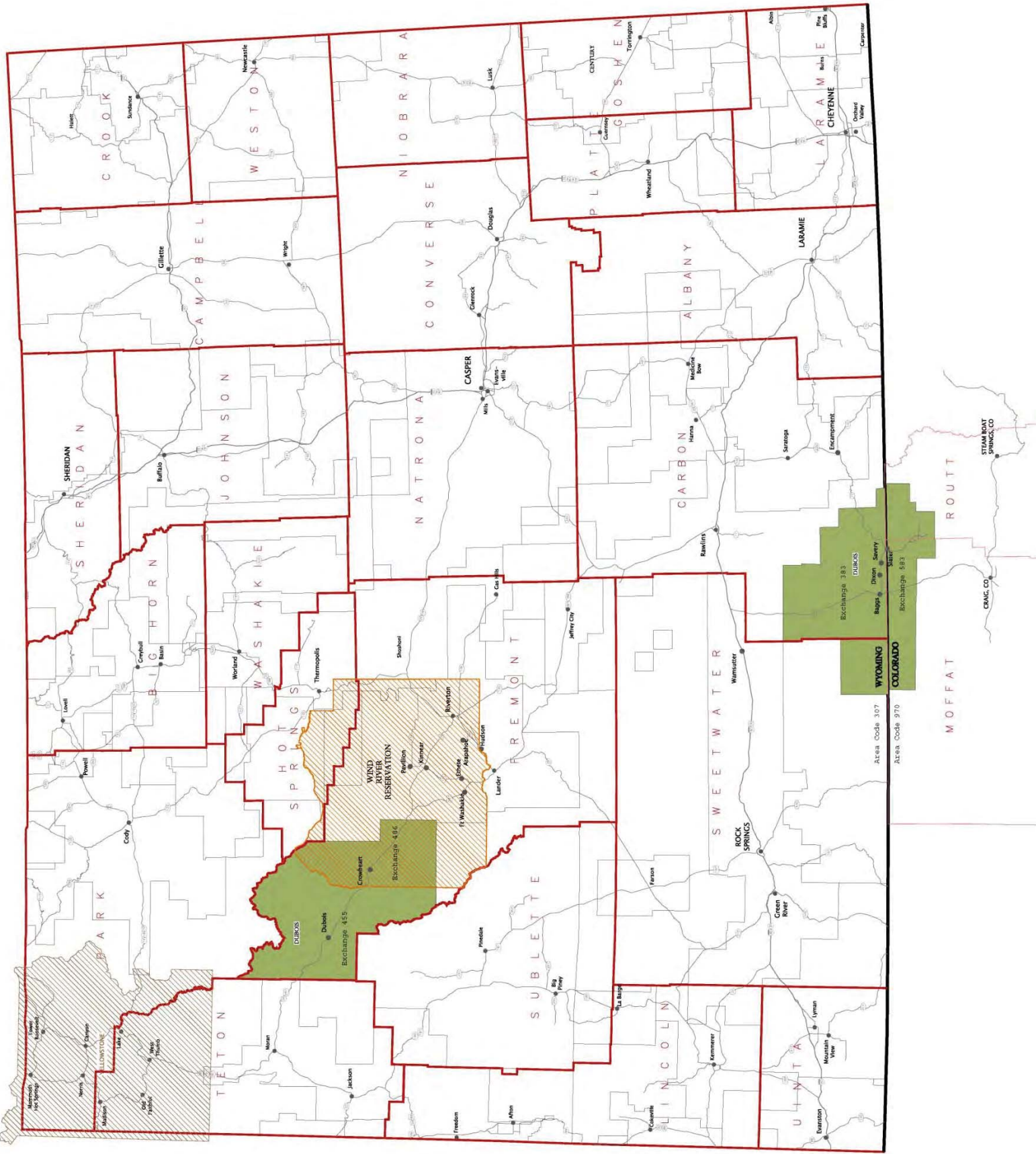
Dubois Exchange 383

The Baggs area economy is driven by energy development and production, agriculture and to some extent a growing tourism and recreation industry. The total estimated population is 667 and the largest community is Baggs with a population of 440.

Dubois Exchange 583

This exchange is entirely within the state of Colorado (area code 970), encompassing the northern-most parts of Moffat and Routt Counties. The economy is almost exclusively agricultural with a minor amount of recreation and oil and gas development. The estimated population is 110.

LOCATION MAP
DUBOIS TELEPHONE EXCHANGE SERVICE AREA



Progress Report Detail

Introduction

This document is an essential part of DTE's 2015 annual report as attached to Form 481; and is in compliance with 54.313(a)(1) adopted in the FCC's USF/ICC Transformation Order (11-161).

DTE advises that the environment in which it operates is dynamic, not static. As a result, network targets identified in DTE's initial 5 Year Service Quality Improvement Plan filed in 2014, may be modified in response to regulatory decisions, financial implications, rights of way issues and changes in vendor and technology support.

Current RUS Information

DTE received a new RUS 5 year infrastructure loan (WY515 K Loan) in 3rd Qtr 2011 for construction and installation of FTTx, Next Generation Broadband Loop Carrier, middle mile upgrades and fixed WLL Voice/Data additions and upgrades throughout its exchanges.

Universal Service Support Received in 2015

Per the Universal Service Administrative Company (USAC), as available for the period up to this filing, DTE received a total of \$1,113,478 in USF support funds (as of 05/31/2015). The breakdown of the funding to time of filing is:

High Cost Loop	\$473,288
ICLS	\$409,585
CAF ICC	<u>\$230,605</u>
	\$1,113,478

Universal Service Funds (USF) are used to: 1) maintain, upgrade and improve DTE's network and, 2) cover operating expenses and debt commitments as necessary which allows DTE to offer reliable and advanced voice and broadband within its authorized serving areas.

USF will continue to be included in DTE's current revenue accounts and forward-looking projections. Total Revenues are used for both capital expenditures as well as covering operating expenses and fixed costs incurred to obtain capital from lenders. DTE does not segregate USF separately for purposes of capital and operating expenditures. USF is expended in the same proportion as all other revenues.

The proportionate share of USF expenditures in 2015 to date for CAPEX is estimated to be \$464,850 (42%); and \$648,676 (58%) for OPEX. *(Note: A greater share of USF is spent on CAPEX during the 2nd half of a given year when DTE's traditional construction season begins in mid-May and ends by November)*

The following projects all involve Service Quality, Coverage and Capacity upgrades on an equal basis; and are consistent with DTE's filed 5 year service quality improvement plan.

2015 Projects

As stated in the 5 Year Service Quality Improvement Plan filed in 2014, DTE will augment its existing soft switch platform and fiber distribution network to expand enhanced voice service and broadband capabilities greater than or equal to 10/1 mb for the majority of customer locations. DTE intends to accomplish this by: 1) "shortening existing copper loops" via addition of FTTN VDSL 2+ capable Broadband Loop Carrier (BLC) along the fiber distribution network; 2) add new or additional fiber as needed and that is economically viable; 3) deploy advanced wireless to small subscriber count BLCs and/or 2- line ONTs in select locations, in lieu of prohibitively expensive FTTx solutions.

2015 Projects (cont)

Exchange 455

Dubois West BLC (E7) upgrade, Lower/Upper Dunoir IP Radio/BLC (E3) upgrade, Pinnacles Summer Homes BLC (E3) new, Brooks BLC (E3) upgrade (10 sites total). *This project uses RUS loan funds to deploy VDSL 2+ capability to new and existing rural BLC sites.*

These projects were originally identified separately for plan years 2016 and 2017, but due to increasing demand, were combined and accelerated. 3 sites were upgraded by year-end 2014. 7 additional sites were upgraded 1st half 2015. Subscriber cutover is in progress with cutover completion 3rd qtr 2015. The cost to date is \$55,600. (Subscribers: 108) *see Map 1*

CM Ranch IP Radio/BLC (E3) This project was originally identified for plan year 2017. Due to increasing demand was accelerated to 1st half of 2015. Subscriber cutover is in progress. The cost to date is \$5,300. (Subscribers: 6) *See Map 1*

Exchange 486

Burris-Lenore IP Radio/BLC (E3) This project was identified for plan year 2015 as a FTTx build, but due to long-term r/w processes, this project was completed in 2014 using IP Radio and VDSL 2+ BLC (E3) Final costs were booked in 2014. (Subscribers: 12) *see Map 1*

Mead Ranch IP Radio/2-Line ONT. This remote location is on the Wind River Indian Reservation near the eastern boundary of the 486 Exchange; and is prohibitively expensive to serve via a FTTx solution. The subscriber is an enrolled Tribal member and is now receiving high quality voice with access to 10 mb or greater broadband. The project was completed 1st qtr 2015. The final cost was \$3,950. (Subscribers: 1) *see Map 1*

Crowheart East BLC (E3) new. This project was originally identified for plan year 2016. Due to increasing demand was accelerated to plan year 2015. The equipment was purchased as part of the Dubois West upgrade order. Installation and cutover will occur in 3rd qtr 2015. The cost to date is \$10,400. (Subscribers: 12) *see Map 1*

Exchange 383

Town of Baggs FTTH. *This project uses RUS loan funds to replace aging 40 year old copper infrastructure.*

This project was bid 1st qtr 2015. The bid has been awarded and materials are on site. The preconstruction meeting is scheduled for June 17, with construction beginning June 22. The estimated Completion date is December 31, 2015. The estimated cost of this project is \$1.75 Million (Subscribers: 325) *see Map 2*

Savery Creek FTTH. *This project uses RUS loan funds to replace a 12 mile limited capacity, small pair count 1st generation subscriber carrier route built in 1980.*

This project was bid along with the Town of Baggs FTTH in 1st qtr 2015. The bid has been awarded to same contractor building the Town of Baggs FTTH; and materials are on site. The preconstruction meeting is scheduled for June 17. Construction will not begin on this project until August 2015, due to Sage Grouse restrictions. The estimated cost of this project is \$450,000. (Subscribers: 12) *see Map 2*

2015 Projects (cont)

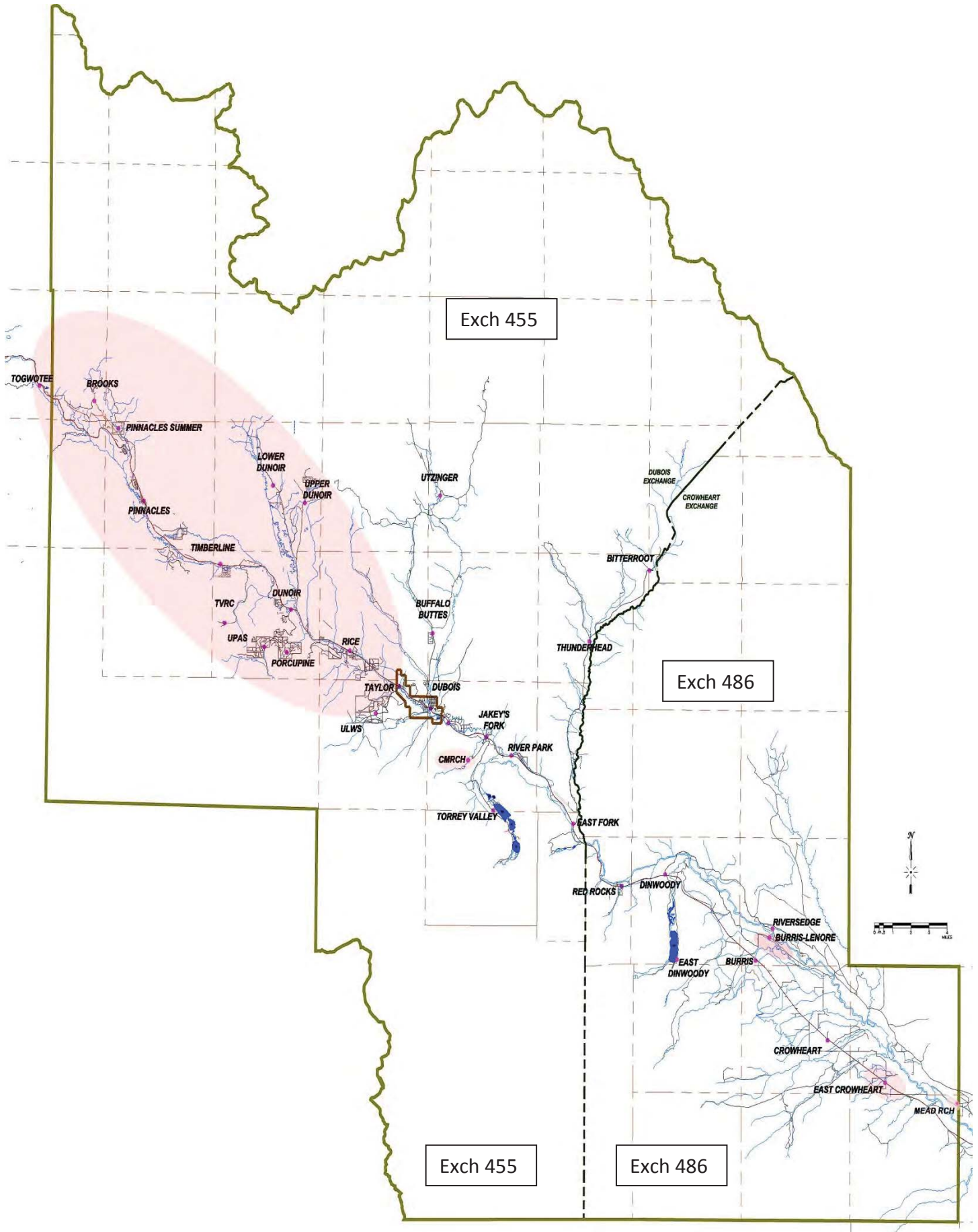
Exchange 383/583

Wamsutter to Hiland Middle Mile Connectivity Project. A capacity upgrade to meet bandwidth needs for the Baggs exchanges is not available from existing carrier via Casper to Cheyenne to Wamsutter.. The current RUS loan design called for construction of fiber optics and DWDM Carrier Optical Ethernet between Wamsutter, WY and Jeffrey City, WY. However, the total cost and additional debt load did not make long term economical sense. In late 2014, talks started with another carrier who was already constructing fiber from Wamsutter to Jeffrey City. DTE hopes to enter into an IRU or long term fiber lease with the carrier; and deploy DWDM late 4th qtr 2015. In addition DTE is in talks with a second carrier to lease fiber from Jeffrey City to Hiland, WY. This project will provide adequate capacity to the Baggs area exchanges and compliment the FTTH builds, BLC upgrades and demand/growth for the 383 and 583 exchanges. The Annual cost of a fiber lease or IRU is under negotiation. An RFP is out to Vendors for DWDM pricing. (Subscribers: 612) *see Map 3*

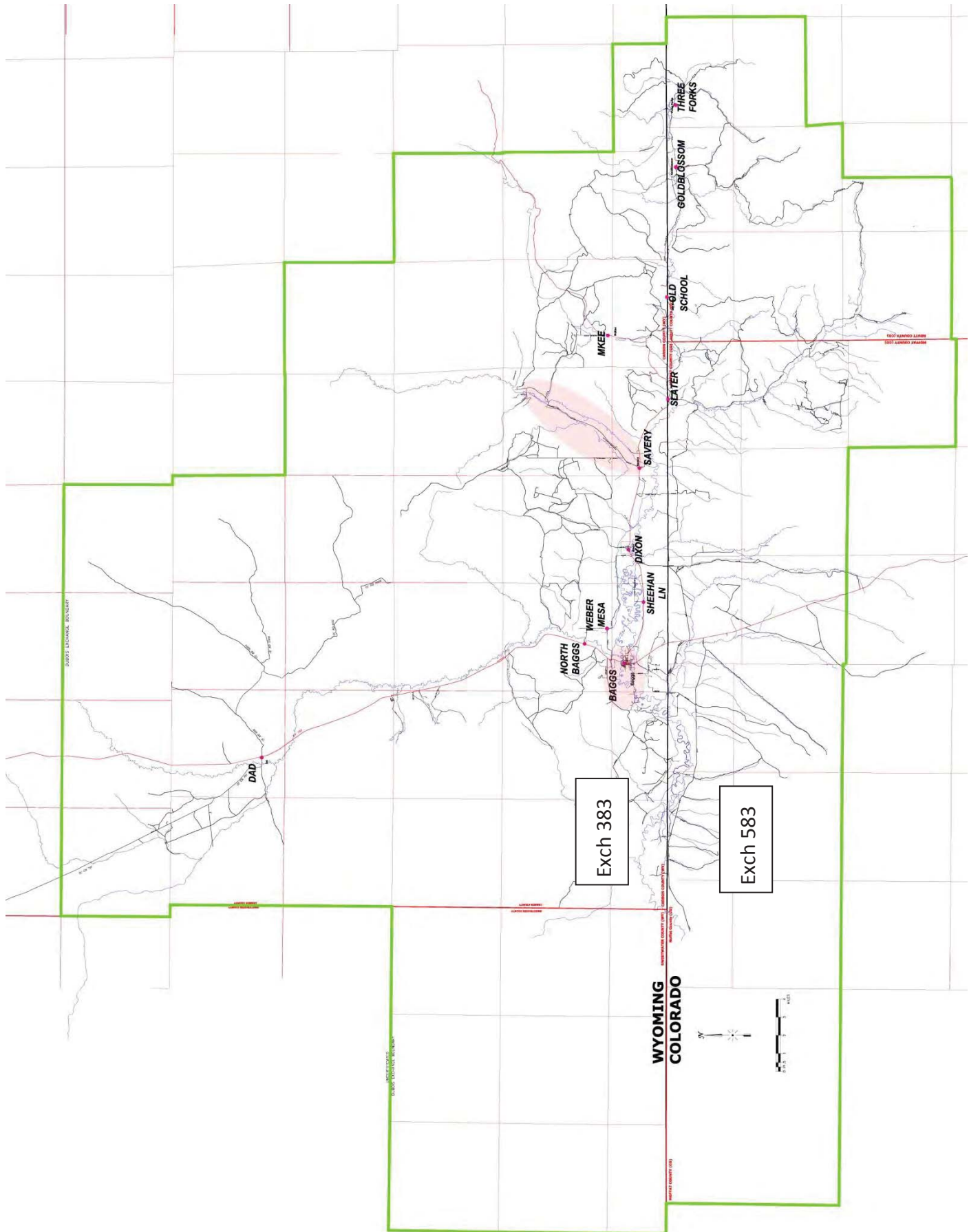
Exchanges 455/486/383/583

Routine Additions and Expenditures. Routine additions and expenditures through June 2015 are estimated to be \$389,600.

MAP 1 DUBSWY



MAP 2
BGGSWY



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